

Maa Prabhawati Textile Mills

January 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	29.78	CARE B+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Maa Prabhawati Textile Mills (MPTM) is constrained by delay in project implementation from April 2024 to March 2025 leading to cost overrun, dependence on vagaries of nature exposing the company to raw material price volatility risk, constitution as a partnership firm exposing it to risk of withdrawal of capital, working capital intensive nature of business and presence in highly competitive and inherent cyclical nature associated with textile industry.

The rating, however, derives comfort from long experience of promoters in textile trading, financial tie-up and availability of subsidy from Bihar government.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely completion and rampup of operations post commencement of the project without any cost and time overrun.

Negative factors

- Deterioration in capital structure with overall gearing of more than 2.00x due to cost overrun.
- Further delay in commencement of commercial operations

Analytical approach: Standalone

Outlook: Stable

The stable outlook on long term rating of Maa Prabhawati Textile Mills (MPTM) is based on the expectation that MPTM will continue to benefit from the experience of its promoters and various incentives from government once it commences its operations helping it to achieve envisaged financial performance.

Detailed description of key rating drivers:

Key weaknesses

Delay in project implementation: The plant was earlier expected to become operational from April 2024. However, due to delay in delivery of imported machinery and delay in electrical line, the commencement got delayed and now the operations are expected to start from March 2025 instead of April 2024 earlier. Due to time overrun, the total project cost is expected to increase from Rs. 39.57 crore to Rs.45 crore; however cost escalation would be funded by the promoters (term debt of Rs.27.08 crore and rest through promoter funds). Repayment of term loan will begin from April end, 2025.

Dependence on vagaries of nature exposing the company to raw material price volatility risk: The profitability of manufacturer of bed sheet and linen shirting and other textile item depends largely on the prices of cotton and cotton yarn which are governed by various factors such as area under cultivation, monsoon, international demand-supply situation, etc. The cotton textile industry is inherently prone to volatility in cotton and yarn price.

Constitution as a partnership firm exposing it to risk of withdrawal of capital: Maa Prabhawati Textile Mills's legal status as partnership firm exposes it to the risk of withdrawal of capital by the partners at times of personal contingency of the partners and limited ability of the firm to raise capital.

Working capital intensive nature of business: The operation of the firm is working capital intensive in view of adequate inventory to be kept and credit period to be given to customers to gain market share. This leads to higher working capital requirement. The working capital requirement of the firm will be mainly financed through bank borrowings and creditors.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Presence in highly competitive and inherent cyclical nature associated with textile industry: The textile industry in India is highly fragmented and dominated by many medium and small-scale unorganized players leading to high competition in the industry. Smaller manufacturing processing units like MPTM are more vulnerable to intense competition and have limited pricing flexibility, which constrains their profitability as compared to larger integrated textile companies who have better efficiencies and pricing power considering their scale of operations. Textile is a cyclical industry and closely follows the macroeconomic business cycles. Further, the prices of raw materials and finished goods are determined by global demand-supply scenario and are not limited to only domestic factors. Hence, any shift in macroeconomic environment globally would have an impact on domestic textile industry. The textile industry is also intensely competitive in nature.

Key strengths

Long experience of promoters in textile trading: The partners of Maa Prabhawati Textile Mills (MPTM) include Pawan Kumar, Rajesh Kumar, Suresh Kumar, Beena Devi, Punam Devi & Sangita Devi. The partners have overall experience of more than 15 years through Pragati Enterprise & Beena traders, engaged in manufacturing and trading of blanket, Mosquito net, bed sheet etc and also engaged in trading of the same through proprietorship concern namely, Madras Handloom and Rajesh Textiles.

Financial tie-up: The company has already received tie-up of term loan of Rs. 27.08 crore to fund project cost of Rs.45.00 crore (increased from Rs.39.57 crore earlier) from Punjab National Bank coupled with a Cash Credit limit of Rs. 2.70 crore which shall be disburse when the entity starts its commercial operation. Till now, the firm has spent Rs.24.5 crore funded through term loan of Rs. 13.00 crore and remaining through promoter funds. Full loan disbursement is expected in Jan-Feb 2024 when imported machinery will arrive in India.

Availability of subsidy from Bihar government: The entity is eligible for various subsidy from Bihar Government like interest subsidy up to 10% interest or actual cost whichever is lower, subsidy on account of SGST for a period of 5 years from the date of commencement of operation and labour incentive upto Rs. 20,000 per employee on a condition that entity shall have to employ employee for a period of atleast 1 year.

Liquidity: Stretched

Liquidity position of the firm is expected to remain stretched in near future as financing of project cost is largely contingent upon debt fund. Any delay in disbursement may lead to delay in completion of project. In FY26, the firm has debt repayment obligation of Rs.4.06 crore which is expected to be met out of cash accruals. Currently the interest payments are being made through promoter's own funds.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated on September 05, 2021, Maa Prabhawati Textile Mills (MPTM) is a partnership concern based in Patna, Bihar. The firm is setting up a plant having capacity of 720 M.T. per annum for polyester bed sheet and 3,00,000 Mtrs per annum for Mink, Polar and Fleece Blanket at a project cost of RS.45.00 crore (increased from Rs.39.57 crore considered earlier) funded through debt of Rs.27.08 crore and rest through partner's capital. The plant was earlier expected to become operational by April 2024. However, due to delay in delivery of imported machinery and delay in power line, the commencement got delayed and now the operations are expected to start from March 2025.

The partners include Pawan Kumar, Rajesh Kumar, Suresh Kumar, Beena Devi, Punam Devi & Sangita Devi. The partners have overall experience of more than 15 years through Pragati Enterprise & Beena traders, engaged in sewing and trading of blanket, Mosquito Net, bed sheet etc and also engaged in trading of the same through proprietorship concern namely, Madras Handloom and Rajesh Textiles.

Brief Financials: Not Applicable since the entity is yet to commence the commercial productions.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	2.70	CARE B+; Stable
Fund-based - LT-Term Loan		-	-	March 2030	27.08	CARE B+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	27.08	CARE B+; Stable	-	1)CARE B+; Stable (25-Jan-24)	-	-
2	Fund-based - LT-Cash Credit	LT	2.70	CARE B+; Stable	-	1)CARE B+; Stable (25-Jan-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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